

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 7B-0264182**

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**ENFORCEMENT ACTION FOR ALLEGED VIOLATIONS COMMITTED BY VAN JETER RILEY, SOLE PROPRIETOR, EVARADO OIL COMPANY (256445) AS TO THE SINGLETON HEIRS (21282) LEASE, WELL NO. 4, STEPHENS COUNTY REGULAR FIELD, STEPHENS COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on July 10, 2014, and that the respondent, Van Jeter Riley, Sole Proprietor, Evarado Oil Company (256445), failed to appear or respond to the Notice of Opportunity for Hearing. Pursuant to § 1.49 of the Commission's General Rules of Practice and Procedure [Tex. R. R. Comm'n, 16 TEX. ADMIN. CODE § 1.49] and after being duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

**FINDINGS OF FACT**

1. Van Jeter Riley, Sole Proprietor, Evarado Oil Company (256445), ("Respondent"), was given Notice of Opportunity for Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address, which was returned to the Commission.
2. The certified envelope containing the Original Complaint and the Notice of Opportunity for Hearing, was returned to the Commission marked "unclaimed" on June 17, 2014. The certified receipt is included in the file and has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On October 9, 2009, Respondent, filed an Organization Report (Form P-5) with the Commission reporting that its sole proprietor consisted of the following individual(s): Van Jeter Riley.
4. Van Jeter Riley, as sole proprietor, was a person in a position of ownership or control of respondent, as defined by Texas Natural Resources Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.

## **OIL AND GAS DOCKET NO. 7B-0264182**

5. The violations of Commission rules committed by respondent are related to safety and the control of pollution.
6. Respondent designated itself to the Commission as the operator of Well No. 4 on the Singleton Heirs (21282) Lease ("subject well"/"subject lease") by filing a P-4 Form (Producers Transportation Authority and Certificate of Compliance) effective on December 1, 2005.
7. Respondent's P-5 (Organization Report) became delinquent on September 1, 2010. Respondent had a \$50,000 Letter of Credit as its financial assurance at the time of its last P-5 renewal.
8. Commission District inspections were conducted on November 12, 2009, November 18, 2009, March 29, 2010, June 11, 2010, August 24, 2010, September 20, 2010, March 14, 2011 and May 30, 2014 for the Singleton Heirs (21282) Lease. The sign or identification required to be posted at the lease entrance displayed incorrect information and the sign or identification for Well No. 4 was missing.
9. Failure to properly identify a well by the posting of the sign required by Statewide Rule 3 has the potential for causing confusion and delay in remedying a violation or emergency and poses a threat to the public health and safety.
10. Commission District inspections were conducted on November 12, 2009, November 18, 2009, March 29, 2010, June 11, 2010, August 24, 2010, September 20, 2010, March 14, 2011 and May 30, 2014 for the Singleton Heirs (21282) Lease. Respondent has failed to backfill and compact an open workover pit, measuring 30' x 30' x 4'. The pit is dry, with white crystals in and around the sides.
11. Unfilled pits constitute a hazard to public health and safety because of the potential for illegal dumping in the pits and the potential for surface run-off to collect in the pit and seep into subsurface waters.
12. Commission District inspections were conducted on November 12, 2009, November 18, 2009, March 29, 2010, June 11, 2010, August 24, 2010, September 20, 2010, March 14, 2011 and May 30, 2014 for the Singleton Heirs (21282) Lease. Well No. 4 was used as an injection well and that the Respondent failed to first obtain a permit.
13. November 12, 2009, November 18, 2009, March 29, 2010, June 11, 2010, August 24, 2010, September 20, 2010, March 14, 2011 and May 30, 2014 for the Singleton Heirs (21282) Lease. The pressure observation for Well No. 4 on the tubing and casing annulus indicated communication existed in such a manner that indicated the injected fluid was not confined to an injection interval.
14. November 12, 2009, November 18, 2009, March 29, 2010, June 11, 2010, August 24, 2010, September 20, 2010, March 14, 2011 and May 30, 2014 for the Singleton Heirs (21282) Lease. Well No. 4 was not equipped with an operable pressure observation valve.

## **OIL AND GAS DOCKET NO. 7B-0264182**

15. The Respondent did not demonstrate good faith since it failed to timely plug or otherwise place the subject lease and subject well in compliance after being notified of the violations by the District Office and failed to appear at the hearing to explain its inaction.
16. Respondent's time out of compliance for the Singleton Heirs (21282) Lease was from November 12, 2009 until March 12, 2014.
17. Well No. 4 on the Singleton Heirs (21282) Lease was plugged with State Funds on March 12, 2014.
18. Respondent has a prior history of Commission rule violations including the following docket(s):

Docket No. 7B-0261745: Final Order Served: April 5, 2011.

### **CONCLUSIONS OF LAW**

1. Proper notice was issued by the Railroad Commission to respondent and to all other appropriate persons legally entitled to notice.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties in this hearing have been performed or have occurred.
3. Respondent was in violation of Commission Statewide Rules 3, 46(a), 46(g)(1) and 46(g)(2).
4. Respondent is in violation of Commission Statewide Rule 8(d)(4)(G)(i)(III).
5. Respondent was responsible for maintaining the subject lease in compliance with Statewide Rule 3, which requires that each property that produces oil, gas or geothermal resources and each oil, gas or geothermal resource well and tank, or other approved crude oil measuring facility shall post signs or identification
6. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 8(d)(4)(G)(i)(III), which requires workover pits to be dewatered, filled and compacted within 120 days from completion of workover operations.
7. Respondent was responsible for maintaining the subject lease in compliance with Statewide Rule 46(a), which requires that any person who engages in fluid injection operations in reservoirs productive of oil, gas or geothermal resources must obtain a permit from the Commission.

**OIL AND GAS DOCKET NO. 7B-0264182**

8. Respondent was responsible for maintaining the subject lease in compliance with Statewide Rule 46(g)(1), which requires that wells drilled or converted for injection shall be equipped with tubing set on a mechanical packer.
9. Respondent was responsible for maintaining the subject lease in compliance with Statewide Rule 46(g)(2), which requires that the wellhead shall be equipped with a pressure observation valve on the tubing and for each annulus of the well.
10. Respondent was responsible for maintaining the subject lease and subject well in compliance with all applicable Commission rules according to Statewide Rules 14, 58, and 79 and Chapters 89 and 91 of the Texas Natural Resources Code.
11. The documented violations committed by the respondent constitute acts deemed serious, a hazard to the public health, and demonstrate a lack of good faith pursuant to TEX. NAT. RES. CODE ANN. §81.0531.
10. The Commission was authorized to plug the subject well and is entitled to reimbursement for State Funds expended pursuant to TEX. NAT. RES. CODE §89.043, 98.046 and 89.083.
11. As a person in a position of ownership or control of respondent at the time respondent violated Commission rules related to safety and the control of pollution, Van Jeter Riley, and any other organization in which he may hold a position of ownership or control, shall be subject to the restrictions of Texas Natural Resource Code Section 91.114(a)(2) for a period of no more than seven years from the date the order entered in this matter becomes final, or until the conditions that constituted the violations herein are corrected or are being corrected in accordance with a schedule to which the Commission and the organization have agreed; and all administrative, civil, and criminal penalties and all cleanup and plugging costs incurred by the State relating to those conditions are paid or are being paid in accordance with a schedule to which the Commission and the organization have agreed, whichever is earlier.

**IT IS ORDERED THAT** within 30 days from the day immediately following the date this order becomes final:

1. Van Jeter Riley, Sole Proprietor, Evarado Oil Company (256445), shall place the Singleton Heirs (21282) Lease, Well No. 4, Stephens County Regular Field, Stephens County, Texas in compliance with applicable commission rules and regulations; and
2. Van Jeter Riley, Sole Proprietor, Evarado Oil Company (256445), shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FIFTEEN THOUSAND DOLLARS (\$15,000.00)** and **REIMBURSE State Funds in the amount of TWENTY SEVEN THOUSAND SEVEN HUNDRED FORTY NINE DOLLARS and FIFTY CENTS (\$27,749.50).**



**OIL AND GAS DOCKET NO. 7B-0264182**

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE § 2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order.

All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

Noncompliance with the provisions of this order is subject to enforcement by the Attorney General and subject to civil penalties of up to \$10,000.00 per day per violation.

Done this 24<sup>th</sup> day of February 2015.

**RAILROAD COMMISSION OF TEXAS**

(Signatures affixed by Default Master Order dated February 24, 2015)

TJJ/sa